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AUTHOR Kettley, Polly; Strebler, Marie  
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## ABSTRACT

Changes in the educational qualifications and skills expected of senior managers in the United Kingdom were examined through interviews with senior managers and human resource professionals in 17 large companies from a range of sectors. The following were identified as common objectives or responsibilities of senior managers: determining the organizations' goals/strategies; managing resources and controlling business; directing their part of the business; managing the environment; and developing others. The employers surveyed were reviewing their definitions of the skills expected of senior managers to align them with changing business needs. Employers typically expected senior managers to possess the skills required to perform across four broad domains: organizational development and technical know-how; conceptual/cognitive skills; personal effectiveness; and people management skills. Among the emerging skills gaps identified were the following: imbalance between generic and technical/function-specific management skills; greater emphasis on interpersonal effectiveness and a more empowering management style; and ability to see interdependencies when managing change. Formal business education and training for senior managers were characterized as follows: increasingly context specific; delivered in partnership with external "experts"; and focused on new business concepts and strategic learning. Many employers reported experimenting with more individually focused approaches to learning (coaching, counseling, personal feedback). (Contains 40 references.) (MN)

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CHANGING ROLES FOR

# Senior Managers

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# **CHANGING ROLES FOR SENIOR MANAGERS**

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Polly Kettley  
Marie Strebler



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Brighton BN1 9RF  
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IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

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# Executive Summary

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The Department for Education and Employment (DfEE) has commissioned the Institute for Employment Studies to conduct a programme of work exploring the nature of employers' skill requirements within occupations. This report presents the findings of a study on the changing role of senior managers and the implications for skills and competencies.

The study included: a review of existing literature; interviews with senior managers and human resource professionals in 17 large employers from a range of sectors; analysis of the competency frameworks available from nine of the employers; and a forum at which the provisional research findings were discussed with participants in the study. The fieldwork was undertaken over the Summer and early Autumn of 1996.

## The role and place of the senior manager

Our research challenges the relevance of thinking of senior managers as an occupational group. It shows that defining senior management is fraught with difficulties. There is an increasingly blurred distinction between jobs in the management hierarchy and managerial roles. Senior management jobs are generally characterised by a high degree of complexity and diversity both between, and within, employer organisations. The key variables that determine differences between senior management jobs include dimensions of time (*ie* future/present) and focus (external/internal).

It is possible to draw a number of commonalities, however, across the objectives and responsibilities of senior managers. They are:

- determining the organisation's goals and strategies
- resource management and business control

- directing their part of the business
- increasingly, managing the environment
- and developing others.

The experiences of the employers participating in our research confirm that in pursuit of competitive advantage they have adopted one or more of the following broad types of change initiatives, each of which has had important implications for the role and skill requirements of senior management:

- changes to the internal structure of the organisation (eg divisionalisation, layering, process and matrix management)
- externalisation and greater market/customer focus
- internationalisation
- dissemination of information technology
- organisational learning and employee involvement

## Changing skill requirements

Employers are reviewing their definition of the role and skills of senior managers to bring them in line with changing business needs. Competency based approaches are increasingly popular.

Employers typically expect senior managers to have the skills required to perform across four broad domains: organisational development and technical know-how; conceptual and cognitive skills; personal effectiveness; and people management skills. The latter 'softer' aspects of management style and behaviour are increasingly the focus of much attention.

Emerging skills gaps include:

- an imbalance between generic, and technical or functionally specific management skills
- the greater emphasis on interpersonal effectiveness and a more empowering management style
- the ability to see interdependencies when managing change.

General future skills issues can be inferred from organisations' business priorities. They are likely to include a requirement for senior management capability in the following areas:

- focusing the organisation on its strategic priorities
- relationship building to maximise stakeholder value
- motivating for performance improvements.

## **Resourcing senior posts**

When filling senior posts employers take a number of factors into consideration. The most influential of these include:

- orientation to specialist or generalist
- the required skills or competencies
- relevant career history
- potential to grow with the role
- mobility
- personal values (increasingly viewed as an important, but difficult to assess, differentiator).

In recent years many employers have increased the proportion of appointments at senior level from the external labour market, in order to help meet a variety of business needs. Balancing the mix of external recruits with home-grown talent is a particular concern to employers. Internal and external appointments to a senior role will have different induction needs on entry.

The recruitment and selection process itself continues to grow in sophistication, partly in response to the perception of greater risk associated with senior appointments in flatter organisational structures.

## **Management development**

There are a number of broad themes emerging from employers' strategies for developing their current and future supply of senior managers.

Formal business education and training for senior managers is increasingly context specific, delivered in partnership with external 'experts', and focused on new business concepts and strategic learning.

Employers face some real challenges as to how best to support the continued personal or self development of senior managers.

Many are experimenting with more individually focused approaches to learning including coaching, counselling and personal feedback.

Organisational changes have had significant implications for careers. Many employers appear to have lost confidence in the direct management of senior management careers. Several are finding new ways to address issues of succession planning and the identification of high potential staff. Most employers are also beginning to use broader career development programmes, often as part of a larger change initiative.

# 1. The Senior Managers Study

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## 1.1 Introduction

The Department for Education and Employment is concerned to explore in detail the changing nature of skill requirements within occupations and major occupational groups in the UK. It has commissioned the Institute for Employment Studies (IES) to undertake a programme of research entitled the Skills Review Programme. The Programme was initiated in 1995 and is due to be completed in mid 1997. The main intention of the research is to improve the department's knowledge of selected skills, training and occupational issues, and by so doing to keep the government abreast of changes in the supply of, and demand for, skills at a wide range of occupational levels. The research is planned to cover eight key occupations within the UK and each of these is to be studied in turn through the course of the programme.

This report presents the findings of the study which has examined employers' current and changing skill requirements of senior managers.

## 1.2 Aims and objectives

The research for all occupations or major occupational groups intends to confront a number of common research questions in relation to each study. These include:

- What are the nature of skill requirements for the occupations?
- Have the nature and level of skill requirements changed? Are the skill requirements increasing or decreasing? Are some 'new' skills emerging and some 'older' skills disappearing?
- Has the skills level of the workforce changed to accommodate these changes? Or, have there been improvements in the supply

of skills that have encouraged increasing skill requirements in jobs?

- Are the requirements for occupations likely to carry on increasing or decreasing? Do employers view the changes as a continuing trend?

How can the changes in skill requirements within occupations be measured?

## **1.3 Research methodology**

### **The pilot study**

A short pilot study of managerial skills issues was conducted by IES in 1995 under the Skills Review Programme (Bevan *et al.*, 1995). The study was primarily an analysis of data from mainly secondary sources which covered: the changing nature of the managerial population in the UK across industry groups and gender; UK statistics on managers' qualifications and training and international comparisons. This material is not reproduced in this report.

### **Literature review**

A short review was conducted of the vast array of literature on senior managerial work, skills, competencies and careers. Relevant research evidence revealed in the literature is drawn upon throughout this report to highlight issues.

### **Interviews with employers**

The main stage of the research involved semi-structured interviews with 17 large employers, conducted between April and September 1996. In each organisation we interviewed those members of the human resource function with responsibility for senior management resourcing and for management development. The interviews lasted approximately one and a half hours.

In addition, in order to gain a broader perspective, we conducted shorter interviews with senior managers themselves wherever possible. Gaining access to senior managers proved difficult given their own time constraints. IES had, however, recently worked with two of the organisations to help develop a



framework for senior management competencies. During the course of this work the views of over 50 senior managers were collected via interviews or workshops.

Available information on any major management education or development initiatives was collected. In addition, existing competency frameworks or skill definitions were made available from nine organisations for analysis.

We also interviewed two partners of a consultancy specialising in executive coaching and mentoring.

## **The discussion guide**

A discussion guide was developed to provide the basic structure for each occupational study. This was reviewed *vis à vis* the issues pertaining to senior managers. A revised discussion guide was piloted in the first few interviews and subsequently amended slightly.

The discussion guide covered:

- background about the organisation
- the place and role of senior managers
- organisational changes and their impact upon senior managers
- the skills and competencies required of senior managers and how these are changing
- how these skills are defined and measured
- how senior management posts are resourced via the internal and external labour market
- changes in management education, training and career development.

## **1.4 Report structure**

The report is structured as follows:

Chapter 2 explores some of the issues surrounding the definition of a senior manager's job and reviews the major influences upon the nature and focus of the role.

In Chapter 3 we discuss the importance employers place on having a managerial skill language, the skills and competencies

that are considered most critical for senior managers to possess, and emerging issues.

Chapter 4 follows with a look at how employers articulate their demand for senior managers, how they resource them using the internal and external labour market, and recent trends in the recruitment and selection process.

Finally, Chapter 5 reviews current practice in the content and process of education and training, personal and career development of senior managers.

## 2. The Role and Place of the Senior Manager

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This chapter explores some of the definitional issues regarding senior managers, and challenges the relevance of thinking of them as an occupational group with a defined set of roles, functions and skills. It goes on to review the major influences upon the nature of roles senior managers are expected to perform and the impact upon the configuration of their jobs.

### 2.1 Defining senior management

Generally speaking, a senior manager is an individual with responsibility for both a significant part of the business (eg a business unit or division, head of a function or a geographical area), and a group of middle or functional managers. Any attempt, however, to further define senior management by the activities and tasks they perform quickly reveals a number of issues.

#### **A job or a function?**

In recent years there has been a shift away from the notion of management as a job, to greater emphasis on the existence of a managerial role as part of a job. This trend is directly applicable to a definition of senior management. Traditionally, managerial levels were clearly distinguishable from one another in positional terms, eg salary grade, additional status benefits such as a company car and job titles. The pilot study for this research (Bevan *et al.*, 1995) reported the difficulties of definition encountered by the Management Charter Initiative (MCI). The authors recommended that the objectives of the standards should be rooted 'in the strategic aspects of management, treating strategic management as an activity and not a status level.'

In some organisations, defining senior managers by their position on the management hierarchy is clear. For example, one employer, prompted by its move to a pan-European structure and the need for comparability, had conducted what it called a levelling exercise in order to create a consistent set of global job levels and titles. However, the distinction between middle and senior managers appears somewhat 'fuzzy' in several of the organisations visited. Many of them have reduced the number of salary grades via some form of broad banding exercise. Others have been steadily moving away from formal job evaluation altogether. Also evident is the general desire to simplify the terminology surrounding the job titles of management roles. Employers typically talk in broad terms of the senior management population being, for example, the 'top 200'.

### **Distinguishing factors across organisations . . .**

Senior management jobs are complex and can differ markedly across companies and situations. Two aspects can distinguish senior managers in one organisation from that of another:

- The stage of the company in its organisational life-cycle and the strategy being pursued will make particular demands on its senior managers. A model used by one organisation as part of its assessment centre demonstrates that the key tasks and skills of a manager, charged with establishing a newly outsourced part of the organisation's interests as a competitive business in its own right, are quite different from those demanded of a senior manager in the core business preparing for privatisation.
- The culture and norms of the sector will also be reflected in the roles senior managers perform. Those in the manufacturing sector have been influenced by issues accompanying Total Quality and its emphasis on employee involvement. Senior managers in the public sector, for example local government, are involved in more representational and committee work.

### **. . . and within organisations**

Key variables determine differences between senior management jobs within the employing organisation:

- The type of organisational structure has significant implications for the nature of senior managers' roles and the required skills. These are discussed in detail in section 2.4.

- The amount of autonomy and freedom to make decisions can distinguish some kinds of role from others. Those managers who head up an autonomous unit which is a profit centre typically have far greater freedom to act independently of corporate control than, say, the heads of geographical regions in a single business division.
- The degree of interdependence. Functional heads in a single business company are probably more interdependent than the general managers of strategic business units (SBUs).
- In several of the case studies the spans of command, *ie* the number of subordinates managed by a single senior manager, have increased (typically moving from below eight to 15 or 20 people). Narrow spans of control are typically found where there is a need for close supervision, control or co-ordination. Where, for example, as in a consultancy practice, the work is subject to fluctuations in demand and volume of activity, senior managers have a greater need for close communication with subordinates to reallocate tasks and resources. Similarly, this is the case where the quality of work is enhanced by direct access to senior staff who have greater technical/professional skill. Wider spans of control are made possible largely through a higher degree of self management or 'empowerment' of employees. It is clear from managers' experience that the style of management needs to change in emphasis as the number of people for whose work they are accountable increases, *ie* to a more coaching supportive role, and defining performance objectives, but not dictating the means for achievement.

Two additional dimensions appear to be particularly helpful in understanding the different emphasis of managerial job roles:

1. The time horizon of the job. A senior manager in Research & Development may work on one or more very long term projects. The Director of Operations, however, while increasingly asked to take a strategic view of several issues, may primarily be focused on the achievement of short-term goals.
2. Whether the focus of the job is primarily internal or external. Some senior managers in the employer organisations examined, appear to focus most of their energy and resources on influencing the external environment either on, for example, regulatory or statutory issues, or identifying customer needs and opportunities for product and service development. Elsewhere in the same organisation the focus of senior managers was more on establishing and implementing internal objectives and strategies.

When these dimensions of time and focus are taken together a model emerges of the broad types of senior management (Figure 2.1). There are four clusters of senior management experience, tasks and priorities:

*Change strategists* are focused on establishing the longer term strategic direction of the organisation within its environment. They typically do the big picture work, reading the external pressures for change, positioning the organisation *vis à vis* its competitors and exploring the possibilities of future alliances *etc.* This role is usually associated with the CEO or Managing Directors of business units.

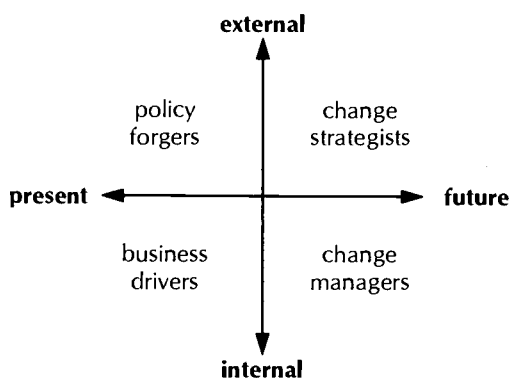
*Policy forgers* are more involved with the development and monitoring of policies and processes for ensuring the present day organisation builds those capabilities required of it to meet future challenges. They are predominantly focused on managing existing external boundaries with a variety of stakeholders (*eg* shareholders, customers, regulatory bodies and society). Heads of functions or professional groups (*eg* the Director of Finance, IT, Personnel, *etc.*) often typify this kind of role.

*Change managers* are perceived to be those senior managers who manage the day-to-day process of change in response to future demands. They are concerned with the internal characteristics and culture of the organisation and the

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**Figure 2.1: Senior management roles differentiated by timeframe and policy**

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Source: IES

choice of tactical options for achieving performance improvements. This kind of role is increasingly fulfilled by senior managers leading major cross-functional projects and task forces.

*Business drivers* typically emphasise a strong results orientation for ensuring their part of the organisation meets existing performance targets. This role is the most closely associated with managers responsible for the co-ordination of resources within the organisation. General managers of an operational process or business unit appear to have particular strengths in this role.

Whilst such a model has some appeal as a means for defining managerial types it is clearly an over-simplification. Roles necessarily overlap and managers at a senior level in their organisation can expect to assume aspects of each of these roles at different phases in their organisation's development and their own career. The model does prompt some interesting questions about the changing nature of senior management roles. Has the decentralisation of organisations and the demise of traditional strategic planning techniques increased the need for *vision makers* at a more local level? Is there, for example, a shift from the lower to the upper quadrant, *ie* to more externally focused roles? Although more research is needed to answer such questions, the issues they raise are discussed more fully in Sections 2.4 and 2.5.

## 2.2 Understanding the role of senior managers

In order to fully understand the role of a senior manager we need to explore further the range of tasks managers perform and define the commonalities that exist between them.

### 2.2.1 Objectives and responsibilities

The MCI's Senior Management Standards define the responsibilities as: understanding and influencing the environment; setting and gaining commitment; planning, implementing and monitoring; and evaluating and improving performance. The first part of each interview in our own study asks specific questions about the objectives and responsibilities of senior management. Within the case study organisations they are typically seen as:

- **Determining the organisation's goals and strategies and setting policies and directions.** Senior managers are responsible for adapting the organisation to its changing business environment and for the 'governance' decisions which influence the effectiveness of large parts, if not the whole, of the organisation. They are usually involved in long range business decisions like penetrating into new markets, changing technology, and launching new products or services.
- **Resource management and business control.** Senior managers are responsible for acquiring and allocating the resources needed by the organisation, defending and building capital resources, human capital and physical capital. They are also expected to influence competitive advantage and value creation — a preoccupation of most employers — and thereon ensuring optimal use of resources.
- **Managing the environment:** Senior managers are generally more preoccupied than other levels with external factors and with managing organisational boundaries. Senior managers frequently represent their organisations in business negotiations, government relations and community affairs. In addition senior managers are responsible for both the immediate operating environment (*eg* market opportunities, customer needs) but also the wider political, regulatory and trading environments. Several of the employer organisations refer to managing multiple 'stakeholders'. This involves identifying important parties in the organisations environment — such as shareholders, key customers, the media, government and the community — and managing relationships with each.
- **Managing their part of the business.** Many senior managers retain accountabilities for the performance of their part of the business whether it be a function, region, business unit, *etc.* Key tasks include the delegation of responsibility to their team, establishing and monitoring performance objectives, and negotiation of major contracts and agreements with external and internal providers of goods and services.
- **Developing others** through direct coaching and mentoring, ensuring training and development processes are in place, establishing opportunities for greater employee involvement, articulating and thereon demonstrating the organisation's espoused values.

## 2.2.2 Senior managers perceptions

We were interested to understand the implications of promotion to a senior management position from a more junior role. The



number of senior managers interviewed was very small and cannot be interpreted as being in any way conclusive. A number of interesting themes emerge, however:

- A recognition of having to drop any significant involvement with detail if everything is to get done.
- Having to take a greater number and more varied initiatives many of which have associated risks.
- A sense that most decisions are going to be difficult decisions and not to everyone's liking. Considering the sensitivities of other people in advance and winning them over becomes all the more important in senior positions.
- A greater sense of responsibility and autonomy. As one interviewee put it: *'suddenly I saw that the buck stops with me. Whereas before I had always made recommendations on what decisions should be taken, now I was the one to make them.'*
- Coping with more travelling, longer hours and the isolation and greater visibility that comes with a more senior role.

## 2.3 New organisations, new roles?

To meet the challenges of the 1990s and beyond, popular management thinking argues that the conventional pyramidal structure must be dismantled and a new, more flexible, organisational form be adopted. Organisations based on the traditional principles of 'command and control' are thought of as too costly, too slow to adapt to changing market needs and too limited in creativity and initiative (Kettlely, 1995). Certainly all of the participating employers in this study have already undertaken, or are in the process of, one or more major changes. Their experiences confirm that increased competitive pressures, both domestically and through the globalisation of markets, have led them to pursue competitive advantage based on one or more of the following:

- cost reduction
- service/product quality
- time (speed and market responsiveness).

These strategies have usually been underpinned, or in some way facilitated, by a mixture of initiatives. Our findings suggest that each has an important impact on the role of the senior manager. The broad types of change initiatives and their

implications are discussed in the following section, organised around the following themes:

- changes to the internal structure of organisations (eg divisionalisation, delayering, devolution, internal markets)
- externalisation and greater market/customer focus
- internationalisation
- dissemination of information technology
- organisational learning and the emergence of a high involvement leadership style.

## 2.4 New models of organisation structure

### 2.4.1 The decentralised, divisionalised organisation

It can be very difficult to see patterns of organisational change when every organisation uses different terminology (eg sectors, market channels, Strategic Business Units (SBUs), divisions) to describe the way in which it is organised. The case studies share one thing in common, however, in that they have almost all broken up into a number of semi-autonomous units or 'businesses within the business'. These units might be based on business activity or geographical area. Responsibility for the operational management of the unit, and in some cases the long term planning of divisional interests, has been passed to its senior management. Strategic management is largely retained at the corporate centre, although this depends very much on the scale and autonomy of units. Such changes have affected senior managers at the corporate centre and those who head divisional units differently:

- Senior managers at the centre have typically had to address concerns about the added value of a head office. As business units and divisions have pursued different interests and core competences, the ability of the centre to provide meaningful strategic direction has been questioned. In the majority of cases the head office role has overall control of the company portfolio. Strategic planning in its traditional sense, however, is no longer perceived by several of our case studies as being central to the corporate role. They refer instead to a responsibility for strategic thinking, a more open two-way process involving a broader group of senior managers, as in Mintzberg's (1994) model of emergent strategy from

organisational learning. Senior managers at the centre have had to become more adept at developing information systems for monitoring and controlling performance values. They talk of being concerned with avoiding duplication of effort and of divisions re-inventing the wheel.

- Divisional senior management are increasingly expected to be stimulated by their local ownership to be more entrepreneurial and creative. It is for them to take a long-term view, to consider a variety of projected views about the future of their part of the business, and take responsibility for setting the direction for new opportunities within their environment.

## **2.4.2 The flatter organisation**

The majority of participating employers believe their organisations have become flatter in recent years, via the reduction or delayering of a number of tiers of management. A flatter structure is assumed to offer freedom from bureaucracy, speedier communication and the development of a culture in which team working and high involvement working practices will thrive. This reduction in management hierarchies presents a major threat to the number and roles of middle management in particular (Goffee and Scase, 1989). Several of the companies participating in this study reported having fewer management posts as a consequence of delayering. The implications, however, for senior as distinct from middle management are far from clear. Those senior managers who have survived the restructuring talk about the demise of 'command and control' management. The old model of senior managers making decisions, middle managers transmitting and co-ordinating, and workers implementing (Dichter, 1991) no longer rings true to the experience of many of those interviewed. They had typically inherited additional responsibilities and more direct reports. With fewer middle managers to communicate and process information they talk of having to achieve more with less. Conscious of the non-sustainability of working a 16-hour day, some senior managers cite their most important responsibility as enabling their team to make their own decisions and to encourage self monitoring. As discussed later in this report they can require significant support and training in order to acquire the necessary skills of 'empowerment'.

### 2.4.3 Process, project and matrix management

Another structural change described by interviewees is the trend to build operations around business processes rather than functions. The most tangible outcome of this for some appears to be the increased emphasis on project working. The kinds of projects referred to were typically multi-functional and assembled from different parts of the business for different purposes. We expect from our reading of the research literature to find managers in such circumstances to require a greater degree of interdisciplinary knowledge and an ability to co-ordinate activity laterally across functions as well as. It is clear from the experience of some of our case studies that an organisation consisting of a fluid and constantly changing mix of large and small projects, involving different groupings of people at different times, presents senior management with new challenges, the main ones being project management, capacity planning, prioritisation and resourcing.

In a matrix organisation the overlay of cross-functional management is permanent (as opposed to temporary project teams). Here the majority of employees have two lines of reporting — one to a functional specialism and another to a product/market line manager. Senior management is responsible for ensuring people's roles and accountabilities are clearly defined, that they are complementary, and that the two bosses find an appropriate means for providing reward and recognition.

## 2.5 Externalisation and customer focus

Several of the companies have regrouped their activities on the basis of products or services rather than functions. Identifying the real customer and what they need, or might need in the future, has become a preoccupation. Senior managers are required to see customer needs (*eg* service, added value) as a strategic issue to be considered in every business decision.

Their roles have become far more externally focused and in some cases involve far more actual time spent in the market place, with customers, suppliers, competitor tracking *etc*. Senior managers are required, as one interviewee described it, to 'think outside the box', to find ways of developing the business and taking advantage of competitor weaknesses or up and coming opportunities in their market.

This customer focus is not restricted to the external customer. Notions of an internal customer supplier chain are widely held. Several companies have established internal markets, cross-charging *etc.* The senior manager in such contexts is primarily responsible for ensuring sufficient controls and measures of market responsiveness are in place (*eg* customer audits, Total Quality Management) to ensure the needs of both internal and external parties are satisfied.

## 2.6 Internationalisation

Historically the multi-national companies interviewed for this study were organised around individual national company subsidiaries. Their experience in recent years confirms that divisionalisation operates at the international as well as the domestic level. Each has regrouped on the basis of products or services at the territorial level, *eg* Europe, Far East.

As a result, the case studies require an increasing proportion of their workforce, and almost all their senior managers, to interface with other cultures on a regular basis. This requires a high degree of cross-cultural sensitivity to others' styles and working practices. Others emphasised the importance of new aspects of knowledge now required in the role, *eg* linguistic abilities and international finance, marketing and strategic awareness.

There are other less tangible implications emerging for the role. Several of those interviewed spoke of an ability to gather and handle information from a much wider range of sources. Some described the difficulties of changing their view of the position of the role and accountabilities. One company described the creation of a pan-European structure as having presented the greatest challenge to its senior managers. They have had to move away from the comfort of the old parochial system and adjust to the fact that, for example, 'I am a Munich finance person but first and foremost I am a member of the corporate finance group'.

## 2.7 Information technology

Advances in technology, particularly information technology (IT) enable alternative ways of organising. Senior managers pre-occupied with the dilemmas of balancing product and service quality with cost effectiveness increasingly look to the application

of new technology. Popular efficiency techniques such as just in time production (JIT) and business process re-engineering (BPR) are both made possible by new technologies. Several of the employers interviewed highlighted the importance of senior managers having a sound appreciation of new technology in order to make the appropriate level of investment.

A succession of mainly American writers (eg Drucker, 1988) predict the demise of the middle manager as IT provides routine information more reliably and quickly, although there is little evidence to support such claims (Dopson *et al.*, 1993). Some of the senior managers interviewed in this study did feel less reliant upon their immediate subordinates as a result of having access to computer generated management information. Equally, participants recognise the trend for greater volumes of information, much of which may be irrelevant to their needs. As a result, senior managers increasingly need well-honed information management skills and computer literacy in order to cope.

## 2.8 Organisational learning and leadership

Popular management theory suggests that the real key to being able to respond effectively to a continuously changing business environment lies not with structure and systems but with a 'learning organisation' that develops a workforce that is adaptive and creative. What is required, so the argument goes, is an organisational culture which empowers individuals and encourages personal development, continuous improvement and risk taking. Employers' emphasis on process strategy is accompanied by the assumption that management style based on compliance is not longer effective, and that a different kind of 'transformational' leadership is required.

All the employers interviewed for this study highlighted the importance of management versus leadership. In effect they confirmed the work of Jacques (1956) that there is a split in any senior manager's job between the leadership elements and the management elements. The latter are prescriptive in that the manager has little choice but to do them in order to fulfil his job. The former, however, are discretionary and are more dependent on the choices an individual makes about what shape they give their role and how they carry it out. Specifically, employers told us that they want their senior managers to behave in accordance with the new 'commitment' and 'empowerment' philosophy and

values by, for example: facilitating rather than directing; imparting rather than practising expertise; and developing others to manage themselves. Section 3.2 further examines what the empowering leader may look like.

## 2.9 Summary

Defining senior management is fraught with difficulties. There is an increasingly blurred distinction between jobs in the management hierarchy and managerial roles. Senior management jobs are generally characterised by a high degree of complexity and diversity both between, and within, employer organisations. The two dimensions of time (*ie* future/present) and focus (external/internal) may have a particular influence on the range of types of senior management within an organisation.

It is possible to draw a number of commonalities, however, across the objectives and responsibilities of senior managers. They are: determining the organisation's goals and strategies; resource management and business control; directing their part of the business; and, increasingly, managing the environment and developing others.

The change initiatives adopted by employers in recent years in pursuit of competitive advantage (*eg* restructuring, externalisation, internationalisation, information technology and organisational learning) have all had significant implications for the role and skill requirements of senior managers. These skills and competencies are explored in more detail in the next chapter.

## 3. The Skills of Senior Managers

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The capability of senior management, or lack of it, will influence how well an organisation responds to the host of business challenges outlined in the previous chapter. In this section we discuss:

- the need for organisations to develop a managerial skill language, and the variety of skill and competency definitions used
- the skills and competencies currently considered to be the most critical for senior managers to possess and why that is
- emerging skill gaps and future skill requirements.

The discussions in this section are based on questions asked in the structured interview about the skills and competencies of senior managers. In addition, an analysis was made of the skill lists and competency frameworks provided by the case study organisations.

### 3.1 The need for a managerial skill language

In the light of current business changes and constraints, the case study organisations have had to review their definitions of the role and skills of senior managers. Discussions with staff responsible for management development, and with senior managers revealed the different ways organisations have aligned their definitions to ensure managerial skills reflect future business needs.

#### 3.1.1 Organisational definitions

All the companies interviewed emphasised the importance of being able to define what they want from senior managers.



Without a reasonably well understood 'language' for defining 'good' managers, organisations cannot hold sensible discussions about who to recruit, who to promote and what sort of management training to provide. In addition they are less likely to have any clear criteria against which to set performance goals, judge the performance of current managers, or to assess managerial potential (Hirsh and Strebler, 1995).

In order to better articulate what is meant by effective performance, many employers have developed lists of skills and competencies (Strebler & Bevan, 1996; Matthewman, 1995; Hardy, 1996). Despite a great deal of theoretical confusion about what competencies are and how to define them, IES experience shows that organisations are pragmatic in their use of the term (Strebler, Robinson, Heron, 1997). Competencies may simply be referred to as 'the skills, knowledge, experience, attributes and behaviours that an individual needs to perform a job effectively'. The majority (15) of our case study organisations had introduced, or were developing, a competency framework applicable to senior managers.

Their rationale for choosing a competency approach was that this enabled them to embrace both the 'hard' and 'soft' aspects of effective performance. They wanted a way to demonstrate that the 'how' or 'style' of management is as important as the achievement of performance goals. This was seen as being particularly important for senior management who generally only achieve results by working through others. Participating employers also saw competencies as a means for reinforcing cultural change, starting at the top. Competency based HR processes such as performance appraisal, selection, training and development are a way of sending messages to all employees about what behaviours are valued throughout the organisation. Some of the case studies use their framework to gain feedback on senior managers' performance from their staff. In one case study, for example, staff are asked to complete an assessment of their manager against sixteen criteria on what is called the Effective Leadership Profile.

In practice, there are wide variations in the ways competency frameworks are expressed. The approach chosen to develop them, the purpose for which these frameworks are being introduced, and the organisation's culture and preferences can all impact on the contents of frameworks.

### 3.1.2 Choosing an approach

When developing their definition of skills and competencies, organisations have a choice of approaches:

- to adopt an existing model based on a competent standard of performance required in a job, such as the generic management standards or Management Charter Initiative (MCI);
- to adopt an existing model based on individual performance required in a role, such as the behaviours that a manager needs to demonstrate for effective or superior performance (*eg* that of HayMcBer); or
- to develop a corporate framework based to a greater or lesser extent on the two existing models but expressed in their own language and specific to the organisation.

Previous IES research has shown that companies prefer to use their own corporate framework and link competencies to core business objectives (Strebler and Bevan, 1995). This study replicated that finding with twelve of the case study organisations using their own corporate framework and two which had adapted available models (MCI and HayMcBer competency model).

Practices in the case study organisations indicate that they may have a number of competency frameworks in use at any one time, developed by different units, for different groups of staff and/or other HR processes (*eg* recruitment and selection, management development, *etc.*). Another issue faced by our case study organisations, therefore, was to decide whether senior managers required their own competency framework. In the majority of cases the framework of management competencies in use was relevant to junior/middle and senior management. Some of those visited, however, expressed concerns about their relevance at the most senior levels, and several were developing a framework specific to senior management.

### 3.1.3 Perceptions of senior managers

We interviewed a small number of senior managers for this study in order to get their perceptions of: the clarity with which the behaviours expected of them were defined and communicated; the relevance of such frameworks to their role; and their impact upon performance.

Those interviewed were usually aware that definitions of required skills and competencies existed. This was particularly the case when skill dimensions were integrated into the performance management system, *ie* they appeared on performance appraisal documentation. Senior managers who had attended a development centre at which assessments were made of their performance against the skills or competency framework, were also more likely to express what is expected of them in competence terms. Similarly, the degree of involvement managers have had in the development of any framework can have implications for its perceived clarity and relevance. In one case study there was a very clear sense of ownership of the skill definitions amongst those who had actually contributed to its development via interviews or workshops. A recent IES survey of 184 managers confirms that managers who have been involved in the design of the competency frameworks are likely to find the outputs more relevant (Strebler, Robinson, Heron, 1997). Moreover, the amount of training and support users receive to help them understand what competencies mean, and how the competency framework can be used in practice, has a significant impact on their subsequent satisfaction with the competency approach introduced by their organisations.

We have not interviewed a sufficiently large number of senior managers to draw any conclusions about the value of skill or competency frameworks. Those we have spoken to do share a perception, however, that it is important to understand for their own employability what the organisation expects of them, and hence what development they should seek. A list of competencies is a good place to start. Others found such skills frameworks invaluable for defining what they know to be important behaviours but would otherwise find hard to articulate. This is particularly the case with the softer skills. One interviewee likened the role of a senior manager to being:

*'... like that of an ice skater. To be effective demands high scores for technical merit and artistic impression, ie, not just what you do but the way that you do it. Before we worked up the effective manager profile we had no way of explaining what we meant.'*

### **3.1.4 Knowledge and experience**

On the whole, knowledge and experience were felt to be important by the small number of senior managers interviewed, but as one of the senior manager remarked:

*'In my position, technical knowledge is taken as read but relationship management is the key.'*

However, some senior managers with specialist roles (eg company secretary) commented that competency frameworks were too generic and did not reflect the technical and professional competencies required to perform their roles. The IES survey mentioned previously emphasises this finding. The feedback from the managers surveyed indicated that specialist managers (eg IT specialists) are less likely than generalist managers to perceive generic competency frameworks as relevant to their roles (Strebler, Robinson, Heron, 1997).

Indeed, the dilemma between being associated with a technical function and the need to acquire experience of other functions to progress was illustrated by one senior manager who had applied for a senior post abroad in order to shed his 'specialist image' and acquire 'more breadth to operate across the organisation'. Other technical specialists had enrolled on MBA programmes, again to broaden their outlook and appreciation of business principles.

Some disagreed with the suggestion that technical know-how becomes less important the more senior they become. In their experience, the demands of the job role increase exponentially the further up the hierarchy you go. Greater collaboration and movement between functions at senior levels had emphasised the importance of a capacity to acquire new technical expertise. Recent assignments had, for example, required two senior managers to become fully conversant with international and government regulations, and develop a thorough understanding of a new market sector.

### **3.2 Skills and competencies of senior managers**

Employers' definitions of senior management skill and competence obviously vary according to the needs of the organisation, and use an infinite variety of headings. They are all based to a large extent however, on the skills required to perform across four broad domains.

- Organisation and management: the organisational skills and technical know-how required to manage operations, monitor performance and develop the business.

- Analysing and decision making: the conceptual or cognitive skills required to think strategically, analyse information, solve problems and make decisions.
- Managing others: the people skills, including those necessary to manage relationships with staff, colleagues and customers.
- Managing self: the personal effectiveness skills required to self-manage in the role.

The following section illustrates the different ways in which the case study organisations were using competencies and skill definitions to articulate the organisation's changing requirements of senior managers across these four dimensions. For each dimension we discuss any observable differences between traditional management skills and the 'new' skills expressed as competencies.

### 3.2.2 Organisation and management

The clusters of competency headings used by the case study companies reflect the impact that business changes have on the contribution expected of their senior managers. Expressions such as *'a passion for the business'*, *'business goal management'*, and *'focus on success'* reflect the general trend towards a requirement for managers to demonstrate a need for achievement, and a results focus. They also articulate the importance of balancing the achievement of short-term with longer-term objectives.

Others articulate the need for senior managers to respond to specific pressures in the business environment and externalise their role (see Section 2.5). A competency such as *'creating competitive advantage'* articulates the need for senior management to understand competitors better. Whilst headings such as *'customer insight'*, *'commercial judgement'*, *'delivering an excellent service'*, and *'satisfying customers'* all emphasise the need for senior managers to increase the organisation's market focus and responsiveness to customer needs. Companies' particular strategic aims, for example for product innovation, are observable in competency requirements for *'entrepreneurship'* and *'sponsor for innovation'*.

As the structure and form of organisations is changing (see Section 2.4) so are the skill requirements of senior managers. In the decentralised organisation, with potentially competing business units, the use of a competency like *'business player'*

signals that senior managers increasingly have to work as a team and share a cabinet responsibility for the business as a whole and not just their part of it. Some employers refer directly to the skill or competence of sharing, by which they mean an ability to share knowledge and information, to contribute to team work, and a preparedness to compromise personal aims and objectives to meet corporate or team goals. The challenges of the project based organisation require new skills in '*project management*' and a renewed emphasis on senior managers' ability to '*manage resources*', including planning capacity and manage shifting priorities across project teams.

Companies which now operate in international markets (see Section 2.6) commonly define a requirement for '*multi-cultural awareness*', including language skills and a political understanding of differing protocols *etc.*

Managing change also features in many employers' frameworks of skill requirements, as illustrated by the need for '*leadership of change*' for '*making change happen*' or simply to be a '*change agent*'.

### 3.2.3 Analysing and decision making

Senior managers must possess the ability to build a persuasive argument based on logic, data and the objectives merits of a situation. Intellectual attributes and conceptual skills are a core element of senior management competence, particularly with regard to analysing and decision making. One senior manager told us:

*'... decision making is now all the more complex. Previously we could expect to make decisions the like of which had already been made in the past. Now its a bit like taking a leap in the dark. An ability another author has called, 'knowing what to do when you don't know what to do' (Stamp, 1996).*

Senior managers need to be able to quickly pick up and apply new information, concepts and strategies. They also have to be open to new ideas and ways of operating. Other elements to have emerged from the interviews include: the ability to prioritise tasks by assessing their relative importance and urgency; assimilating complex information from a wider range of sources; taking calculated risks; and involving others in the decision making process.

As discussed in the previous section, the main aspect of the role that distinguishes senior managers from other managers is their need to visualise the organisation's future and establish business strategies and directions. Despite some references to the demise of formal strategic planning as a senior management pre-occupation, the need for strategic thinking is still critical. Vision is the term frequently used, in the sense of being able to see where the business needs to be in the longer term even if this represents a significant departure from the past. As expected, the competency frameworks in use by the case study organisations enable companies to reinforce this major aspect of the role. All frameworks contain competencies about business strategy. Examples of clusters or competence headings included *'business vision'*, *'strategic perspective'*, *'taking a long-term view'*, *'developing wider strategy'* and *'direction setting'*. Working with these two somewhat conflicting time perspectives within a greater span of control, makes greater demand on conceptual skills and the need to analyse business data, as illustrated by competencies such as *'business analysis'*, *'break-set thinking'*, *'judgement'*, and *'conceptual flexibility'*.

Several companies include a specific requirement for *'managing information'* including that associated with business planning and the budget cycle, and the monitoring of performance indicators and targets. In several cases the use of competencies such as *'information systems management'* and *'IT literacy'*, signals the need for senior managers to make effective use of computer based support systems.

### 3.2.4 Achieving results through people

Senior managers need to be able to work effectively with a diverse group of people in a variety of contexts. A priority is their ability to build, develop and lead an effective team. The move from management to leadership is emphasised and *'leadership'* emerged as the most common heading used by the case studies, either on its own or in *'team leadership'*, or implicit in headings such as *'building a best place to work'* and *'gaining commitment'*. The strategic leadership many companies refer to relates to an ability to provide a clear sense of business direction, and translate vision into meaningful goals which others are able to understand and act upon. One interviewee referred to the need to *'become a promoter rather than a doer'*. The focus of this competence is also about gaining others'

commitment by recognising and rewarding their performance. Effective senior managers, it seems, take time to talk to individuals about the importance of their contribution towards the business goals.

Amongst several of the companies interviewed, there is a recognition that not only is a senior manager responsible for performance today but also for building and developing the business for the future — that means developing people. Another common theme is the need to equip people to achieve results and progress by '*developing others*', '*developing talent*' and '*inspiring peak performers*'. Similarly, the new flatter forms of organisation emphasise their senior managers' ability to encourage personal responsibility or empowerment. This requires a high level of interpersonal skills including: empathising with individual employees' concerns; being aware of their strengths and weaknesses; working to improve others' performance via coaching, providing development opportunities and constructive regular feedback. For those companies who had recently undergone, or who are still experiencing considerable change, the ability to become more 'people oriented' is critical.

Another equally critical set of skill dimensions cluster around the senior manager's ability to develop effective working relationships with colleagues, customers and staff. This requirement is evident in the commonly used competency headings such as '*managing relationships*' and '*forge reciprocal relationships*', whilst other headings indicate how this may be achieved by '*social skills*' and '*dealing with people*'. Senior managers talked to us about the importance of building trusting relationships. While knowing what should be achieved, they need to accept that getting there must take into account the perceived concerns and needs of subordinates, peers, superiors, or customers. Reconciling a desire to preserve long-term business and work relationships, whilst not sacrificing objectives is, they find, a difficult balancing act.

Interviewees spoke of the importance of networking, both formally and informally, in order to build alliances and 'make things happen'. They are required to lobby key people to get agreement and switch tactics in changing situations to convince others. For international companies, managing and maintaining relationships, often at a distance, is crucial. Constantly developing new relationships, often out of normal working hours, takes a high degree of stamina and commitment.



We have already discussed how the new forms of organisation (Section 2.4) have increased the requirement of managers to manage laterally. In doing so our interviewees confirm the findings of previous IES research that they need to somehow influence without the same formal authority to command. This is particularly true of project managers who, to achieve results, have to influence others working in areas where they often have no hierarchical responsibility. The types of skills required to do this include the full range of effective communication skills (oral, presentations, written); being able to adapt the style of communication for different audiences/situations; listening and persuasion. Senior managers are required to be able to analyse their own and others' influencing behaviour and to select an influencing style to suit a particular situation. The most effective were described as having a professional and credible persona and being worthy of respect with a relaxed and confident style.

### 3.2.5 The need for self management

Those interviewed asserted that senior managers need to be continuously alert to opportunities to learn from new experiences and situations, and to use this learning to develop their personal capability. Such managers seek out opportunities to build their knowledge in areas that may well extend beyond their immediate areas of concern. They also seek out feedback on their personal performance and ideas on self improvement. Only three of the organisations, however, included a competency cluster about '*managing self*' in their framework of requirements. Common headings referred to included the '*ability to learn*'; and '*self development*'.

Given the nature of senior managers' responsibilities and the speed with which priorities can change, or new information come to light, there is a clear requirement for them to be flexible, *ie* to be able to modify their own behaviour, their opinions or plans in order to overcome obstacles. Employers, particularly those with a strong multinational presence, value a person's ability to adapt to and interact effectively with people from varying cultures, environments and backgrounds. They tended to define competency requirement for '*adaptability*' and '*flexibility*'.

Wide variations emerged in the extent to which the competency frameworks used by the case study organisations were articulating personal attributes. A number of case study

organisations only refer to the need for self management indirectly as shown by headings such as *'personal style'*, *'personal dedication'*, *'integrity'* and *'energy and determination'*. Another framework included ten competencies reflecting aspects of personality such as *'positive self image'*, *'self control'* and *'independence'*. Interviewees confirmed their importance and spoke of having to be confident and of the importance of believing in themselves and their ability to handle challenging situations that might otherwise be seen as stressful or threatening. Others referred to a need for tenacity, *ie* sticking with a problem until it is resolved or no longer required. This is linked with something that might be called independence, *ie* holding own convictions and being prepared to express them even if it means taking a stand on an unpopular issue. An effective senior manager will not give in unduly to pressure in order to please or avoid conflict.

All of those interviewed believe the demands and pressures of work to have increased in recent years. In order to survive, senior managers consequently need to develop coping strategies. For many the associated skills tend to be around: managing their time effectively, *ie* being selective about what to get involved in and what not to; being self aware and recognising their limitations and development needs; learning from experience and taking time out for their families and other interests. Senior managers are not immune to the effects of disappointment, fatigue, frustration and stress. Being in such high profile roles they are required to employ a certain amount of self control, remaining calm and objective when under pressure.

### 3.3 Skill gaps

Having articulated the skill demands of roles, employers face a different set of challenges in establishing existing levels of competence amongst senior managers. Several admitted to scant if not almost wholly absent performance assessment data on senior individuals who, they suggest, are the least likely to complete the annual performance appraisal. Equally difficult is determining to what extent the achievement of performance criteria for which a senior manager is accountable, is attributable to his/her personal contribution and skill rather than the performance of the team. Not surprisingly, therefore, few of the participating employers had completed any systematic evaluation of skills gaps at the top of their organisation. Some, however,

were experimenting with more innovative methods of assessment such as 360 degree reviews (Kettley, 1997).

Employers clearly experience some skills gaps at senior levels. The increase in the number of external appointments to gain, for example, specific market knowledge (see section 4.2.1) is testimony to that. Another generally held concern is the loss of organisational 'memory' and the kind of understanding of the business culture which has been swept away in various rounds of early retirement and voluntary severance schemes. A further three trends in terms of perceived skills gaps can be interpreted from participants' observations.

Several of those interviewed were encountering not skill gaps as such, but more an imbalance between the mix within senior management of those with technical/professional skills and

**Figure 3.1: Changing requirements of senior management**

<b>Role Changes</b>	<b>Current Skill Needs</b>	<b>Emerging Skills Gaps</b>	<b>Future Requirements</b>
Greater local accountability	Business vision/path-finding	Imbalance of technical vs. generic management skills	Focusing on strategic priorities
Larger spans of command in flatter structures	Influencing	Interpersonal empathy	Relationship building to maximise stakeholder value
Project team leadership and multiple reporting lines	Project and programme management	Holistic view of organisational interdependencies	Motivating for performance improvements
Externally and internationally focused	Market focus		
Managing diverse stakeholders	Multi-cultural awareness		
Empowerment and the demise of 'command and control'	Adaptability		
	Information management + IT literacy		
	Developing self and others		

*Source: IES 1997*

those with generic management skills. The emphasis on a new managerial language has presented a problem for organisations in combining generic and functional skills. Many organisations define and maintain their demands for the latter they do not need to coexist in the same manager. We know, however, that whilst the external labour market has not been a primary source of managerial skills, the effective exploitation of technical skills relies increasingly on well developed generic skills. There may be shortages of managerial skills in sectors which have a large number of professional staff, such as the City (Goffee, 1994).

People management skills and interpersonal effectiveness of senior managers is a concern to many companies. Changes to the structure and culture of their organisation have invariably required changes in management style, which have in turn made more demands on the interpersonal skills of their senior managers. There is evidence to show that these are the most lacking and may be the most difficult to develop.

Interpersonal empathy, for example, is one developmental area frequently identified for executives (Gratton and Pearson, 1994). Employers in this study talked of the difficulties their managers were experiencing in areas such as: creating environments in which members of their team can learn from their mistakes, and coaching others to be self sufficient *etc.* The people skills of senior managers also have a particular importance within the context of the effectiveness of the top team or board. Several of the case studies perceived low levels of trust within the top team and a reluctance to address sensitive issues openly. Despite the emphasis on 'business player' these companies shared a suspicion that too often senior managers implemented only those decisions that personally suited the individual, irrespective of whether they had been agreed jointly.

Interestingly, a review of the research evidence on potential differences between the competencies displayed by male and female managers revealed that women tend to value interpersonal skills more than men, and be perceived to perform these better (Strebler, Thompson, Heron, 1997). Given that these skills are perceived to be difficult to develop in existing managers, and that trends in the labour market indicate that the next generation of managers is likely to contain far more women, employers need to consider the ways in which they can better utilise, or value, the interpersonal skills of their women managers.

Another area of concern is senior managers' apparent lack of knowledge about the relationships between organisational structures, processes and cultures. The majority of case studies had, for example, experienced major restructuring, for which little in the way of planned changes to supporting HR processes was in place. Senior managers, it seems, are often seduced by the latest management panacea (eg broad banding) before considering its fit with their particular context. Similarly, senior management decisions taken without regard for how they might be interpreted by employees can adversely affect morale. The skill requirement is defined by one case study as *'the ability to see interdependencies between different actions and outcomes'*. The growing popularity of various models of organisational effectiveness such as Balanced Business Scorecard and the EFQM Business Excellence Model is an indication of the desire to equip senior managers with a conceptual framework of key interactions.

### 3.4 Future skill requirements

Senior management jobs are changing all the time. Articulating future skill requirements was perceived by organisations to enable them to position themselves for the future and to assess the skill gaps they are required to fill to get there. In practice, however, few of the participating companies were using a formal mechanism for planning for senior management skills. Where such processes existed (see Section 5.3) they were primarily focused on the development of individual senior managers and not the senior management population as a whole.

#### 3.3.2 Future business needs

We have little evidence about the level of availability of future skills and where there are shortages. Mitrani, Dalziel and Fitt (1992) emphasised that the competencies required for the future by executives will include strategic thinking, change leadership and relationship management. In the pilot study for this report it was argued that project management skills, staff management (including development, coaching and counselling), IT management skills and 'process improvement' skills are likely to achieve greater prominence (Bevan, Toye and Frost, 1995).

Recent developments in the case study organisations certainly reflect these trends. Any likely change in emphasis of particular

skills and capabilities can be inferred from the future business priorities of the case studies. For example:

- All of the case studies will need senior management to address strategic considerations which impact upon the longer-term viability of the company. Although contingent upon individual organisations' circumstances these covered issues around: the existing portfolio of products and services; strategic alliances and partnerships; product and service quality; cost management. Senior management will need to continually enhance its understanding of how future developments could affect the company and, most importantly, focus the organisation on a vital few performance priorities. In place of traditional forms of strategic business planning, organisations are likely to place greater emphasis on emergent strategies from within the organisation's ability to learn from its experiences. Senior managers will require the ability to actively involve others and promote information exchange.
- A key measure of organisational performance will continue to be its market responsiveness, *eg* positioning *vis à vis* competitors, better client relationships, developing new initiatives *etc.* Corporate ethics and notions of stakeholder value are likely to become more prominent, and with it, senior roles even more externally focused. Different stakeholders (*eg* shareholders, staff, society) will have different needs and require different outcomes from the organisation. Senior managers will need to reconcile seemingly irreconcilable demands, making choices between unclear alternatives and devote considerable attention to nurturing key interfaces and relationships.
- Few if any of the case studies' strategic objectives are achievable without the motivation and commitment of their workforce. Senior management will continue to be faced with new challenges to improve performance motivation and manage change effectively. The skills needed are likely to include: the ability to inspire trust and confidence in the capability of management; project planning and programme management skills; and change leadership, *ie* the ability to motivate and inspire, involving employees, communicating at every stage, *etc.* Again, other research evidence shows that this may be difficult to achieve in practice. Senior executives were found to hinder re-engineering effort by being good at championing change but poor at changing themselves (Hout and Carter, 1995).

As several of the management development specialists interviewed pointed out, the criteria they establish for managing effective performance today will not be the same in

five years' time. These employers expect to have to continually update their skills language as the demands on roles and required behaviours shift. Organisations can ensure that they bridge their skill gaps and have the right skills for the future by selecting and developing them. We now turn to the approaches taken by the companies visited for resourcing and management development.

### 3.5 Summary

Employers are reviewing their definition of the role and skills of senior managers to bring them in line with changing business needs. Competence based approaches are increasingly popular.

Employers typically expect senior managers to have the skills required to perform across four broad domains: organisational development skills and technical know-how, conceptual and cognitive skills, personal effectiveness and people management skills. The latter 'softer' aspects of management style and behaviour are now the focus of much attention.

Emerging skills gaps include: the balance between generic and technical or functionally specific management skills; the greater emphasis on interpersonal effectiveness and a more empowering management style; and the ability to see interdependencies when managing change.

General future skills issues can be inferred from organisations' business priorities. They are likely to include a requirement for senior management capability in the following areas: focusing the organisation on its strategic priorities; relationship building to maximise stakeholder value; and motivating for performance improvements.

## 4. Resourcing

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In the following section we review trends in the way senior managerial posts are resourced by discussing:

- how employers articulate their demand for senior managers
- the use of the internal and external labour market in resourcing senior management posts
- key features of the recruitment and selection process.

### 4.1 Articulating business needs

Previous chapters have outlined the many and various demands that an organisation makes on senior management, and the implications these and future changes have upon skills. In order to meet their requirements for managerial talent, many employers have had to develop their own ability to articulate what they are looking for. Obviously the actual demands of any one employer will reflect the type of organisation, its current strategy *etc.* There are, however, a number of dimensions by which such demands are normally expressed.

#### 4.1.1 Specialist and general management paths

Degree of specialism is one dimension by which employers specify the kinds of senior managers they want. Traditionally, careers consisted of the gradual acquisition of functional or technical knowledge and experience, obtained through formal training and movement through a functional hierarchy of jobs. Many managers' careers were built on experience within a single function and within one business area. In recent years employers have rejected such perspectives as being unacceptably narrow, particularly for those at the top of the organisation. They do not



want senior managers to lack experience other than in their own function. As previously discussed in Chapter 2 in the new, flatter models of organisation, functions are becoming more closely integrated in order to deliver products or services that meet market needs. This integration and reorganisation around business processes necessitates far more cross-functional experience. The case studies talked of needing, for example, production managers who are sensitive to marketing principles, and for R&D people able to deal effectively with customers.

So do employers typically require their senior managers to be generalists? Certainly in common with many other large organisations, most of the employers in this study have invested in the development of a cadre of senior general managers. The careers of these generalists were managed to provide maximum breadth of experience with mandatory cross-functional and divisional movement. However, the boom in the mid 1980s for the 'fast track' generalist appears to have died back with the emergence of some major disadvantages. These include the development of high fliers who lack a solid knowledge base and the associated costs, especially if their development involved frequent international moves (Hirsh *et al.*, 1995). Amongst our case study organisations, those who were strongly international appeared more likely than UK based employers to require senior general managers.

Organisations still need specialist expertise at the top of their management structure. Amongst the case study employers those facing stringent regulatory pressures, or where specialist expertise secures the organisation's competitive advantage, the ability to retain and develop senior experts is of paramount concern. Difficulties of definition arise when, as in a few of the case studies, organisations create a separate career ladder for technical specialists. In such circumstances employers typically describe senior specialists as individual contributors, who may be senior managers in name only by virtue of their position in the pay and grading system. They may have little or no staff management responsibility.

Employers then are not always clear whether they require specialists or generalists in senior management positions. Individuals can find the messages confusing. As discussed earlier in Section 2.1 of this report, the person specification is very much dependent upon the demands of the particular role, at a point in time. The role of director or general manager of an

individual business unit or division is more likely to require the skills and experience of a generalist than would be appropriate for a role as head of a business function such as marketing or production. In general terms, employers are likely to continue to place greater emphasis upon functional specialists being more commercially oriented and upon generalists developing a sound understanding of the areas of expertise they manage.

#### **4.1.2 Skills and competences**

Competence based HR processes have become increasingly popular with employers with the espoused aim of improving the link between skills supply and business need (Strebler and Bevan, 1996). All of the employers who participated in this study use expressions of skill and competence when filling senior management posts.

As seen in Chapter 3, the form of competency framework varies. Some but not all, of the employer organisations in this study have found their management competency frameworks to be incomplete for the assessment of the most senior managers in the top jobs and have developed a framework specific to this level.

Competences by their definition are specific observable behaviours. There has been some criticism that competence based assessment can lead to a rather narrow perspective which, on its own, is barely capable of reflecting the rich and often paradoxical nature of human behaviour (Jacobs, 1990). One management development specialist interviewed suggested that competences were unable to reflect the reality of eccentricity and maverick behaviour at senior levels in the organisation. Intuition, creativity and political skills were all offered as examples of skills important to the senior management role but which are not easily observed and may not appear in a formal competency framework. As a result, employers often adopt a more flexible, open approach and include 'soft' qualities into their definition of an effective senior manager.

Issues of team mix and complementary strengths are particularly important when appointing senior managers to established teams/boards *etc.* In the majority of cases the CEO or senior HR specialist who knows the whole team well, is required to take a view of 'team fit' in general terms. One case study, however, uses the Belbin team role model to complement its conventional

assessment. This emphasises the fact that the perfect individual does not exist. Consequently the company feels better able to clarify expectations about performance and enable members to better contribute their particular strengths to the team.

#### **4.1.3 Career history**

An individual's 'track record' or career history and experience are frequently used to articulate the demands of a managerial post, as well as differentiate between potential post holders (Bevan *et al.*, 1995). Visible career successes appear particularly important for prospective senior management candidates. Several of the employers interviewed talked of looking for people who had been, for example, responsible for achieving a turnaround in the performance of a local region, or of initiating and delivering a key project on time. Some were adopting an approach similar to 'managerial portfolios' where individuals are asked to present a portfolio of their own previous work as a basis for assessing their abilities, achievements and personal style (Burgoyne, 1988).

Breadth of experience can be influential with employers making appointments at the senior level. They will often look for experience across different areas of the business, playing different roles and demonstrating appreciation of more than one functional specialism. International awareness gained through experience of operating in other national cultures is increasingly seen as a differentiator for senior management appointments.

The importance of relevant career history is reflected in employers' strategies for developing future senior managers within the organisation. In one organisation participating in this study, career development now proceeds by a series of stretching lateral moves within the broad band of jobs defined by a particular organisational level. Nobody is promoted to the next level without having done at least two significantly different jobs or project assignments at current level. Minimum time in a job is targeted at two years but the fluidity of organisational life may shorten this.

#### **4.1.4 Career potential**

Given the pace of organisational change faced by employers, it is not surprising that the potential of even senior managers for

further development is a key differentiator. Being competent to perform the current job role effectively is no longer enough. Prospective senior managers are required to demonstrate potential to grow with the role.

Appointments at senior level are rarely made on the basis of potential alone. Many of the case studies believed it is vital for them to identify managers who can 'hit the ground running'. This was particularly important when appointments follow a reorganisation which quickly needs to be shown to be effective.

An emerging concern for employers is the desire for and willingness of individuals to take on more senior roles. Individuals identified as having high potential early in their careers may later decide it is not for them (Gratton, 1989). Anecdotal evidence from career counsellors suggests that given the legal duties and responsibilities of directors, a significant number appear to be opting for consultancy contracts rather than boardroom appointments. Employing organisations can expect to need to understand more about individuals' career preferences as more people seek to achieve greater home/life balance, manage the demands of dual career families and so on.

The main approaches used to predict senior management potential range from the relatively sophisticated assessment centre, through to criteria based ratings by current senior managers. The key features of our case studies' approaches to succession planning and the career development of high potential managers are discussed more fully in Section 5.3.

#### **4.1.5 Other characteristics**

In addition to formally articulated demands for skill, experience and potential there are a number of other, less specific, factors which are commonly used to determine resourcing options.

- Geographical mobility is often seen as both an important aspect of career history and as a proxy indicator of career 'commitment' among managers (Bevan *et al.*, 1995). It is widely believed that, due to advances in communications technology and the resistance of staff, employers have reviewed their requirements. The evidence from the case study organisations is that this is not the case for more senior levels. Internationalisation, the desire for greater cross-functional integration, and the larger spans of command of staff who may not be co-located have all

increased the need for mobility. One employer has found it necessary to confront the realities of career development within the organisation and make clear distinctions between the functional and geographical mobility of its current and potential future senior managers. All senior general managers are expected to be mobile in both respects. Even if there is little expectation of long-term 'postings' many employers demand that their senior people travel long distances at a moment's notice. This need to spend a large proportion of their time away from home continues to be a barrier to women entering senior management roles.

- Another, harder to detect, quality employers are looking for is a manager's personal values. Values cause senior managers to prefer certain behaviours and outcomes over others; they affect the way in which a person evaluates data used in decision making, and will affect the person's receptivity to incentives and norms which the organisation establishes. Values derive from upbringing, previous training and experience, and they are, like aptitudes, unlikely to change in the short term. It is important therefore that the values of new entrants in particular match those of the organisation. Senior managers have, after all, a continuous and high profile role in distilling values throughout the rest of the organisation. The values our case study employers listed most frequently included honesty, integrity, and openness.

## 4.2 Recruitment source

Previous research has highlighted the dominance of the internal labour market in the filling of senior management posts (Bevan *et al.*, 1995). This has, to a large extent, been mirrored in our own research. The majority of participating employers maintained that most of their senior cadre were 'homegrown' talent. The ways in which employers identify and subsequently develop their next generation of senior management are discussed in Chapter 5.

Given the changed demands placed upon the role of the senior manager, however, employers have found themselves turning to the external labour market more frequently. A large proportion of very senior posts have traditionally been filled from outside. The case studies' experience suggests that this next tier in the management hierarchy is now likely to be populated by a larger number of entrants from the external labour market. Of the top one hundred managers in one financial services organisation in this study, some fifty per cent have less than five years service.

## 4.2.1 Rationale for external appointments

The rationale offered by employers in this study for their decision to recruit externally were:

- Employers often look outside in order to gain a set of functional and business skills for which there has previously been no need or opportunity to develop internal talent. Growth into new markets, for example, warrants market specific knowledge no internal candidate is likely to possess. Similarly with expansion comes a need for the senior management team to be more representative of the organisation's structure and interests. For example, one company, recently re-organised on a pan-European basis, feels obliged to 'inject more European blood'.
- In order to survive the turbulence of recent years some employers have turned to external appointments who they believed to be more willing and able to make often unpopular, radical and immediate changes. Others may have simply developed a general desire for new blood to instigate and signal a cultural change.
- Many employers share a concern about the increased risk associated with progression to a senior role in their flatter organisational structures. With fewer layers of management hierarchy, the size of the jump in responsibility from one level to another becomes more significant. Coupled with the likelihood that there are fewer development roles preceding such a move, it is perceived as less risky to appoint proven senior management experience from outside. A typical example is that of the manufacturing company whose restructuring involved the creation of new largely autonomous business units to be headed by 14 Regional Directors. Only two internal candidates were found to have the skills for these more generalised and commercially oriented roles.
- Interestingly, two employers in this study had recently made external appointments of individuals who had spent an earlier period of their career within their organisation. Whilst the experiences of such a small sample of employers cannot be said to represent a trend, it is perhaps more likely that, as issues of employability become central to individuals' career development strategies, employers can expect to see an exchange of high calibre people at different stages in their career.
- Finally, it has been easier and more tempting to go for outsiders in recent years. With all the restructuring and downsizing there has been an unusually good pool of talented people in the labour market able to fill senior posts. A clear indicator of this is the growth in the number of consultants offering outplacement

and executive support services. There was a perception amongst some employers that external recruits are also easier and less costly to get rid of should things not work out.

#### **4.2.2 Balancing the mix**

Many employers are concerned with finding an appropriate balance between internally grown and externally recruited senior managers. In times of great career uncertainty, internal appointments provided a positive signal about the organisation's commitment to providing opportunities for progression. External recruitment has had a not insignificant impact on staff motivation as promotion prospects are cut short. It is a dispiriting experience for those who are working hard to develop themselves and to adapt to changing business needs. One employer told us it had become an accepted philosophy after some initial discomfort that the majority of top management recruitment is from outside and that this represents an explicit statement that the organisation can no longer offer a job for life. It is worth remembering, however, that as business priorities change so do employer preferences. One organisation which chose to recruit a number of externals who were felt to bring the necessary commercial skills has, after the importance of knowledge of the core business were revealed, opted to look internally again in future.

The case studies expressed two other concerns about external appointments:

- that they may have little knowledge of the core business and lack an understanding of the organisation's history and culture
- that they will also take longer to plug in to informal networks of power and influence and build all-important relationships.

Clearly internal and external recruits have very different needs on entry to a senior role. This contrast has highlighted the importance of induction in enabling new directors to get up to speed quickly (Pemberton and Herriott, 1996).

### **4.3 The recruitment and selection process**

Earlier sections of this report have discussed the multi-dimensional criteria by which employers articulate their skills demands. In the following section we review the key themes to

have emerged from the case studies' experience of the recruitment and selection process.

A senior manager is a costly resource and a high profile one. An ineffective individual in such a role can have significant implications, not just for the performance of their immediate reports and peers, but for the morale of the work unit as a whole. Senior appointments are made with great care in flatter structures where the moves are larger and hence riskier. One financial services employer explained their particular risk aversion to senior appointments by the fact that even the serious mistakes of an individual at that level could remain unnoticed for some time.

The recruitment and selection process is increasingly sophisticated. The majority of our case study organisations use a range of techniques including situational interviews, assessment centres, and psychometric profiling when appointing senior managers. They will choose the method most appropriate to the situation taking into account, for example: the importance of the job; whether candidates are from the internal or external sources; and the number of candidates. It is also perceived to be more time consuming for both the candidate and the organisation. One manager we spoke to had a total of seven interviews over a period of six weeks prior to appointment to his current role.

Assessment has traditionally been of the individual by the organisation. Several writers have suggested that this unilateral approach may no longer be appropriate and will be replaced by an approach which acknowledges the expectations, needs and rights of the individual (Herriot, 1988; Drenth, 1989). It is particularly clear at more senior levels that the selection process is in fact a two way process, with the applicant judging the organisation in part on the way the selection process is handled. Issues surrounding the influence of the selection process have prompted some employers to review their approach. Several of the case studies endorsed research findings that psychological testing is unpopular with more senior management levels, and is restricted to those at an earlier stage in their career, for example, at graduate entry (Gratton, 1989). Others have increased the opportunity for self selection in the process, via extended meetings with prospective peers and colleagues, consultancy contracts and so on. The ultimate form of this is short tenure and the use of temporary contracts. A very low proportion of



senior managers in the case study organisations were employed on this basis.

Regardless of the accuracy and influence of the chosen technique for assessing the strengths and weaknesses of a candidate, it is critical that those involved in selection decisions understand the demands of the job role in question. The importance of a proper insight into the criteria by which the selection has to take place, has prompted employers to review the methods by which they identify key objectives, tasks and skills. Given that management roles are subject to continuous change, employers find traditional methods of job analysis to be inappropriate. Several told us that, although emphasis on the critical success factors of their senior role has strengthened, they deliberately define the job loosely so as not to restrict individual initiative. As discussed in Section 3.1 the growing popularity of competences and other behavioural indicators is, in part, attributable to this.

Those case study employers which use pre-defined competences as an aid to recruitment and selection, profile either the job or the person in a variety of different ways. The three most frequently used approaches are: defining the level of performance required for senior jobs; profiling the competences required for a specific role in the top team; or alternatively, simply using the competences to provide a pen picture of effective performance as a checklist against which potential can be judged.

The need for a good understanding of the likely future dynamics of the organisation, and implications for the future of senior roles, is also one of the reasons why the involvement of existing senior staff is felt to be important. All of the case studies confirmed that the CEO and other members of the top team are more likely to play an active role in the appointment of other senior managers than in that of their more junior colleagues. Internal nominees are almost certainly made by this group. This is increasingly likely to be via formal succession planning processes as discussed in Section 5.3.

Participating employers reported greater use of executive search or head-hunters to identify candidates for senior roles. Third parties of this kind are especially valuable when an organisation lacks prior knowledge of the market/sector it wishes to recruit from, or if they wish to target an employee of a competitor. In one organisation, all 50 of its top senior management posts were

searched, but not filled, externally. Internal candidates underwent the same selection process as external ones.

In recent years most employers have opened up their internal labour market by advertising all vacancies internally. Closed or secretive recruitment processes, however, are still reserved for senior management positions. This is partly to protect the confidentiality of the parties involved, but also so as not to cause any unnecessary speculation and unrest within the remainder of the workforce.

## 4.4 Summary

When filling senior posts employers take a number of factors into consideration. The most influential of these include: orientation to specialist or generalist; the required skills or competences; relevant career history; potential to grow with the role; and mobility. An individual's personal values are increasingly viewed as an important, but difficult to assess, differentiator.

The majority of senior management posts are resourced internally. However, in recent years many employers have increased the proportion of senior level appointments from the external labour market in order to help meet a variety of business needs. Ensuring a balance of internal to external resourcing reinforces issues of career development and induction.

The recruitment and selection process itself continues to grow in sophistication, partly in response to the perception of greater risk associated with senior appointments in flatter organisational structures.

## 5. Management Development

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The following chapter discusses employers' strategies for developing their current and future supply of senior managers. The discussion is organised around three broad themes:

- the content and process of formal business education and training for senior managers
- personal development and issues arising from the shift towards self directed learning
- developments in the definition and management of senior managers' careers, including the use of corporately planned job moves, succession planning, and the emergence of career development programmes.

### 5.1 Management education and training

#### 5.1.1 Assessing training needs

Employers can assess training and development needs in a variety of ways. Competences have a key role to play in enabling organisations to align training to business needs. In a recent IES study, half of the organisations who used competences linked them to all or a majority of their management training courses (Strebler and Bevan, 1996).

Development centres were used by the majority of our case studies to assess the development needs of their high potential managers. Once in a senior role, however, there are often few opportunities to determine skills gaps. Performance appraisal remains the major vehicle whereby performance objectives and development needs can be discussed. In several organisations, however, the perceived reality was that few senior managers

complete the appraisal process. In those cases more emphasis was being placed on self assessment and the creation of personal development plans (PDPs). Personal or 360 degree feedback schemes are also increasingly popular amongst employers as a means of determining development needs (Kettley, 1997).

### 5.1.2 Form of management education

Employers use an endless variety of formal education and training initiatives. Amongst the trends observable from the experience of the case studies are:

- All of our case study employers expressed a need for more business education and training that is context specific. The majority of programmes are built around existing simulations and case studies based on past problems. Management education should take into account the particular situations, values and beliefs that exist in an organisation. This usually means that the learning material used needs to be real, *ie* it is based upon a real problem that the manager actually has to learn to deal with and move forward on. These forms of 'action learning' are designed to provide managers with an opportunity to review the broader context in which their organisation operates and challenge some of its basic assumptions. Employers approach this need in a variety of ways including working in partnership (or via a consortium of other employers) with a business school to design a programme tailored to the needs of their sector/corporate challenges. Others were using standard offerings from business schools supplemented with organisation based projects, and assessed in-company assignments.
- A growth in management education that emphasises the development of an 'external' perspective. Senior managers spend a higher proportion of their development time than do their more junior colleagues, with peers from other companies in external programmes and seminars. Employers hope that this exposure will prevent the myopic vision and lack of fresh perspectives that can characterise companies with, for example, a high proportion of home grown senior managers.
- Similarly, an important objective of senior management training courses and programmes is to create, and thereon reinforce, networks. Several of the case study initiatives actively establish learning sets and peer review groups for this purpose. Those managers who had experienced them were largely enthusiastic about networks outside of their organisation to whom they could turn for insights and impartial advice. One employer, for

example, has built into its 'architecture' of senior management education, opportunities for action learning via learning sets which comprise two people at below Board level, each with a real strategic challenge from five businesses. As well as instilling participants with an ability to use strategic analysis and broaden their experience and horizons, an important objective is to create a network of top management who share the same concepts and speak the same language.

- The majority of employers expect senior managers to acquire this new knowledge and skills quickly. Programmes are shorter, with few employers willing to lose their most valuable assets to lengthy residentials. As one senior manager told us: 'opportunities for uninterrupted reflection, however remote the location, are few and far between in this telecommunications age'.

### 5.1.3 Content of management education

Again the content or subject of senior management education and training is as varied as the needs of the organisations concerned. The following themes emerge:

- Managers, no matter how senior or experienced, are required to learn new business concepts and principles and consider their relevance to their organisation. Most of the case studies currently run courses and briefings on, for example, business process re-engineering, partnership sourcing, and relationship marketing. As discussed previously with all of these latest management 'fads', employers seek programmes that balance conceptual knowledge and theory with practical and relevant applications. In some cases formal courses had been rejected in favour of using process consulting, *ie* internal or external consultants to provide feedback, interpretation and insight during the implementation of a new concept or approach.
- Strategic learning is a particularly strong feature in senior management education. As discussed elsewhere, the relevance of traditional concepts of strategic planning have been challenged by ideas such as the learning organisation and Mintzberg's model of strategy formulation (Mintzberg, 1991). Training and education programmes are changing in response. Several of the case studies include modules on techniques such as competitor analysis and strategy development. The emphasis, however, is increasingly upon encouraging strategic thinking and behaviour. Access to stimulating material and leading management theorists are widely used to promote strategic awareness and the necessary mindshift. At a more mundane level, senior

managers, as one development specialist explained, need help in working out what is really worth their time and in balancing the urgent needs of today with the important needs of tomorrow.

- The majority of organisations are finding even their most senior managers require opportunities to acquire or polish up generic management skills. Almost all of the case studies offered, for example, skill based courses in time management, presentations, business finance and running meetings. An additional suite of courses is also usually offered on aspects of human (behavioural) skills, including interpersonal effectiveness. The content of these modules reflect the requirement many organisations have for a new, less command and control style of management, as explored earlier in this report. Coaching and influencing skills feature prominently. Interestingly, several of the senior managers interviewed referred to the importance of one element of interpersonal skills training to which they often lack access — setting performance objectives and giving feedback. Other aspects of personal development are discussed in more detail in Section 5.2.
- Amongst the case studies there was surprising little education and training in the areas of team development and group dynamics. This relative neglect is surprising given the importance attached to top teams working together for a common corporate goal, and the concerns raised about interdepartmental purposes, cross-functional working and collaboration. Some employers do still use outdoor pursuits and business simulations for this purpose.
- Chapter 2 of this report identified the importance of senior managers' ability to work internationally. As a result, support for managers to improve their effectiveness in working across international boundaries is a feature of many education and training courses. Typical elements include: briefings and workshops on cross-cultural awareness and communication; language training; and courses which aim to establish a greater international perspective on how individual parts of the business operate and fit together.

## 5.2 Personal development

There has been some criticism in recent years of employers' training and development strategies being too focused on building a foundation of generic management skills (Tate, 1995). National initiatives (eg NVQs and MCI) also initially focused upon individual managers' need for skills training. Such

approaches, it is argued, wrongly assume that the sum of any development of individual managers will somehow collectively solve the organisation's management problems. It is also argued that they put too much faith in individual managers' personal power and drive, usually against daunting odds which conspire to uphold the status quo (Tate, 1995).

Employers are in no doubt that, in order to create greater organisational capability, investment is needed in personal capability. The majority of the case studies deliver options and modules around themes such as: self development and learning to learn, and leadership style. Many of the case studies, however, have questioned the best means of supporting these forms of personal development. Most have moved away from corporately directed, typically classroom based approaches, and have become more individually focused in style. They demonstrate a willingness to try new and innovative forms of learning, including personal coaching, counselling and feedback. Of course there are still many employers who have not made this transition. One organisation which had identified senior managers' ability to influence others as being a critical and core competence, only offered a computer based training package on active listening for individuals. Another organisation, however, had developed a development programme specifically for senior staff on influencing styles and situational leadership. Prior to the programme, participants complete a questionnaire to identify their profile of influencing behaviours, and obtain comparative information from colleagues at work. During the programme there are small group activities and opportunities for extensive skills practice, plus a review with a counsellor.

An important element of self development for senior managers is self awareness and feedback. Effective learning and development requires greater openness and a sharing of views about individual and group performance. At senior management level the outputs of the job are, for the most part, largely intangible. Peer group perceptions can be valuable. The majority of the case studies are already using, or have plans to develop, some form of personal feedback, either upward or 360 degree. In the case of senior managers such schemes provide feedback for a group who would not otherwise receive any.

Employers undoubtedly face some real challenges as to how best to support continued personal development:

- Organisations are, in many cases, asking individuals to change their attitudes as well as behaviours. Such changes take time, an awareness of what changes are needed and why, the opportunity to practice, and a supportive management climate, reward system *etc.* The turmoil and degree of uncertainty of organisational life over the last few years (see Chapter 2) has run contrary to these expectations.
- More than a generation of senior managers have been socialised within organisations that expected them to gain power, mastery and respect through their achievements. They were not expected to any degree to be particularly open or capable of interpersonal disclosure. Furthermore, there is a perception amongst some that senior managers really should not need any more training — *'if they don't know how to do it by now then they don't need to'*. Consequently there is a reluctance amongst senior managers to share areas of weakness and admit to development needs. In one organisation, for example, senior managers told us that it is acceptable to admit to a need for development in those areas where their peers share the same need, in this case commercial awareness. They were far less comfortable with initiating self development and personal effectiveness. A few trainers and management development specialists reported that access to senior people was a problem. Directors, they told us, can be cut off from learning from inside the organisation alongside their subordinates, because they prefer to make limited guest appearances on development programmes.
- There is a model of management that suggests successful managers are those who can work out the unwritten laws of life in the organisational jungle and are able to play the game so that they win. Many employers have had bad experiences with successful and politically skillful, but nonetheless ineffective senior managers. Their concerns have in part prompted the greater attention paid to personal values on appointment (see Chapter 4). There is much less certainty about how to equip senior managers with the right kind of political skills. Broader based career development programmes are emerging as one option and are discussed below.

## 5.3 Career management

The fundamental changes in organisational structure and strategy outlined in Chapter 2 have had significant effects on organisational careers, including those of senior managers. In this section we review the experience of the case study employers



and examine how organisational career management processes are responding.

### **5.3.1 Managing routes to the top**

Recent IES research found senior managers, together with those deemed as having a high level of potential for such posts, to be receiving renewed attention to their development. (Hirsh and Jackson, 1995). Indeed the majority of the senior managers interviewed for this study expect to have a long term career with their employer, and for it to be predominantly managed by the organisation, although with a high level of involvement from themselves. One employer described the direction of career management as changing from a model of individual compliance to the demands of corporate planning, to a situation which offers greater individual choice to take and make business driven opportunities.

As discussed in the previous section, employers are often unclear whether they want specialists or generalists. Nonetheless, job moves planned and instigated by the organisation are perceived by the majority of employers as being necessary for either group. General managers are likely to grow out of a functional career base, but also to need broader career experience. Senior specialists are likely to require a greater degree of commercial awareness.

### **5.3.2 Developing the next generation**

The degree of change and uncertainty has raised concerns amongst many employers about how best to secure the next generation of senior managers. The traditional way of identifying and developing a cohort of so-called high fliers through a series of jobs is much less possible. There are fewer promotions available in restructured organisations and promises cannot be made about future prospects. However, as suggested by previous IES research (Hirsh and Jackson, 1995) succession planning, *ie* the means by which senior posts will be filled in the future, were being strengthened in several of our case studies.

The devolution of responsibility to local business units has shifted the extent to which senior managers are seen as a corporate resource. This raises a number of difficulties for those wishing to manage their careers. How, for example, are those at

the centre to keep track of their performance and development needs? And how, once a job move is deemed necessary, are they to remove them from local management who may not be in agreement? Several of the case studies have responded by establishing centralised talent inventories. These are compiled as a means of recording information about high potential managers from diverse parts of the organisation. Given the approval of the CEO, these lists have become a means for exerting some control over divisions regarding staff deployment. They typically use some form of experience matrix to capture the type of experience a manager has had to date (*eg large or small country, project, secondments etc.*) by business or function.

Employers are placing greater reliance on the ability of senior management to identify high potential, high performers in their part of the organisation, and to manage that talent. Chapter 3 has outlined issues surrounding the skills required to do this effectively. But what kinds of processes exist to support such behaviour? Almost all of the case studies had regular meeting or forums at which ideas are exchanged about the development needs of future senior managers. In some cases the focus of these meetings was on individuals and opportunities for movement. Other employers were using periodic reviews to discuss likely current and future capability requirements to meet the demands of changing business plans. Two of the case studies, for example, used variants on what is often called Organisation and Management Review. Here, senior management are required to review, usually twice yearly, the viability of their business plans in terms of future organisational requirements, and the adequacy of their current management talent to realise those plans. One of the major benefits of such a process is held by its users to be the platform it provides, based on regular monitoring of individuals as they develop, and of job opportunities as they occur, to engineer job moves for high potential people across both functional and divisional boundaries. The process is believed to have longer term benefits for integrating HR development with strategic business planning into a coherent framework.

### **5.3.3 Career development programmes**

Career development programmes are increasingly popular with employers. The main drivers behind their introduction in our case study organisations included: a need to address a shortage

of promotable talent; to retain valued staff; and to respond to employee dissatisfaction with the lack of organisational commitment to some form of progression (if not a job for life).

It has been suggested that the principal aim of such programmes has been to help employees analyse their abilities and interests to better match personal needs for growth and development with the needs of the organisation. Certainly within the employer organisations interviewed, programmes were broader in scope than succession planning and assessment approaches, and were often an integral part of a larger management development or organisational change initiative. In several cases the programmes were at a relatively early stage, with only a relatively small number of participating managers. It is, however, possible to draw out some of the general characteristics career development programmes share:

- Their focus is on helping managers take responsibility for their learning and ongoing employability.
- They embrace aspects of formal management education and training (*ie* learning about the business), learning about self (*ie* personal skills training), with learning from experience (*via* changes of role, enlarged job responsibilities, secondments, project and taskforce membership *etc.*).
- They are integrated with organisational development interventions. For example, desired behaviours (*eg* developing others) are reinforced via reward systems, stated values *etc.*

### 5.3.4 New career deals

The pressures for change discussed in earlier sections of this report have undoubtedly undermined traditional notions of the idea of a career offering security and progression. Senior managers are not immune to the revisions of the psychological contract between individuals and the organisation typical of recent years (Herriot, 1995). Many of those we interviewed have had to confront job insecurity as a real threat, along with some of their junior colleagues. Most of our case study employers appeared painfully aware that the organisation will need to strike new deals in exchange for the high level of commitment, cross-functional and international flexibility it expects from its top management. Few were clear as to how this might be achieved in practice.

## 5.4 Summary

There are a number of broad themes emerging from employers' strategies for developing their current and future supply of senior managers.

Formal business education and training for senior managers is increasingly context specific, delivered in partnership with external 'experts', and focused on new business concepts and strategic learning.

Employers face some real challenges as to how best to support the continued personal or self development of senior managers. Many are experimenting with more individually focused approaches to learning including coaching, counselling and personal feedback.

Organisational changes have had significant implications for careers. Many employers appear to have lost confidence in the direct management of senior management careers. Several are finding new ways to address issues of succession planning and the identification of high potential staff. Most employers are also beginning to use broader career development programmes, often as part of a larger change initiative.

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# Changing Roles for Senior Managers

P Kettley, M Strebler

SKILLS



REVIEW



The change initiatives adopted by employers in recent years in pursuit of competitive advantage (eg restructuring, externalisation, internationalisation, information technology and organisational learning) have all had significant implications for the role and skill requirements of senior managers. This report pulls together the different perspectives of seventeen of the UK's leading employers, plus over 50 senior managers, on just what it now takes to be effective at the top and what will be needed along the way.

This report is third in a series exploring employers' skill requirements and how they are changing, in eight different occupations.

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